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SUBJECT: APPLICATION FOR OPIC FINANCE: ARAB BANK PLC, CAIRO AMMAN
BANK AND THE HOUSING BANK FOR TRADE AND FINANCE

REF: STATE 067543


¶1. As requested in reftel, this cable provides information on Arab Bank PLC, Cairo Amman Bank and the Housing Bank for Trade and Finance. Post is not aware of any recent events in Jordan that would prohibit OPIC from providing financing to the three banks. All three borrowers are reputable members of Jordan's Association of Banks. The housing initiative has received widespread and positive media attention, and is supported by the Ministry of Public Works and the Royal Court.

¶2. The Embassy does not have any information that these banks or their investors have known ties to terrorists, money laundering, corruption, or violations of the law or commercial/developmental considerations. However, as has been widely reported in the press, in August 2005, the New York Branch of Arab Bank was assessed a \$24 million civil penalty by FinCEN and the OCC for violation of the Bank Secrecy Act. Arab Bank paid the penalty without accepting blame. The Branch was converted to federal control. As has also been reported, in January 2007, the U.S. District Court in New York issued a ruling denying a motion to dismiss a civil action case (Almog et al.v. Arab Bank, PLC, U.S. Court, Eastern District of New York) against Arab Bank concerning litigation related to claims by Israeli survivors of Terrorism that the bank facilitated money laundering and payments from a Saudi Arabian committee to assist the beneficiaries of suicide bombers thus creating an incentive for suicide bombings. This case is ongoing. However, Arab Bank has been active in anti-money laundering (AML) efforts inside its bank, and is the leader among Jordanian banks for AML and countering the financing of terrorism (CFT). Additional background on the banks follows:

¶A. Arab Bank PLC: The Arab Bank was founded in 1930 in Jerusalem by the late Abdul Hamid Shoman with a capital of 15,000 Palestinian pounds. Following the 1948 Arab-Israeli war and due to the political stability in the region, the Arab Bank moved its headquarters to Amman. On May 29, 2008, the bank's Amman Stock Exchange (ASE) market capitalization stood at JD 10.57 billion (\$14.93 billion). It is the largest bank in Jordan, with its market capital representing about 40% of the entire ASE. In 2007, Arab Bank's revenues grew 18.1% to \$1.67 billion and net profit for the year increased by 23.8% to \$762.8 million. At the end of 2007, total assets were \$38.33 billion. Arab Bank has received an "A-" rating from Standard & Poors for long term and "A-2" for short term counterparty credit ratings. It has received a "A-" from Fitch and "A3" from Moody's.

¶B. Housing Bank for Trade and Finance (HBTF): The Housing Bank for Trade and Finance was established in 1973, specializing in housing and real estate financing. In the early 1980s, the bank began to offer commercial banking services and by 1997 the bank had converted into a full-fledged commercial bank. HBTF is the second largest bank in Jordan. In 2007, HBTF's net profit rose 18% to \$163 million; its operational revenues rose 18% to \$338 million; and its assets rose 23% to \$7.1 billion. HBTF is also the agent bank for Western Union in Jordan. Western Union has very high standards for customer due diligence/know your customer (CDD/KYC) as a money

services business (MSB).

C. Cairo Amman Bank (CAB): The Cairo Amman Bank was established in 1960 as a public shareholding company. CAB is the seventh-largest bank in Jordan, controlling about 5% of consolidated banking system assets and having a market share of about 3.6% of Jordanian deposits and 4.4% of loans. It has 55 branches in Jordan, through which it provides a broad range of retail and corporate financial services. CAB is one of the most active Jordanian banks in the Palestinian territories, where it has 17 branches and a market share of about 12% of deposits and 7% of loans. CAB's market capitalization is \$351 million.

Visit Amman's Classified Website at:
<http://www.state.sgov.gov/p/nea/amman>

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